



CITY OF GUNNISON

VISITOR CENTER FUNDING SURVEY

Funding options for the Gunnison Country Visitor Center, located at 500 E. Tomichi Avenue, are being explored by the City of Gunnison. The City of Gunnison currently funds the Chamber as follows:

General Fund support for the operation of the Visitor Center	\$13,500
Holiday greenback exchange	<u>\$2,000</u>
Total 2015 budgeted funding:	\$15,500

Initial impressions garnered by visitors are critical and the Visitor Center is a distinguishable icon for new and returning patrons. The presence of the facility has significance for the visitors' experience and ultimately, local economic vibrancy.

Comparable communities throughout the State of Colorado have a variety of funding mechanisms ranging from contributions (similar to the current structure), to sales tax license fees, to dedicated tax support.

City Council values your perspective as a business operating within the city limits of Gunnison and would like your input as it considers various alternatives. Please complete and return the below questionnaire and return it in the provided envelope **no later than October 31, 2015**.

OPTION 1 - Reduction of the Allowable Service Fee (Vendor Fee)

The City of Gunnison allows businesses to keep 5% of the sales tax collected as a cost of collecting and remitting the City sales tax. That amount is 50% more generous than the next highest service fee in the State of Colorado. Reducing the service fee by 1% would generate \$54,516 (based on 2014 taxable sales) that could be passed along to provide funding for the Visitor Center. For example, a business making \$10,000 monthly in net taxable sales will pay \$400 for City sales tax. The current service fee retained by the business is \$20. If a 1% service fee reduction was enacted, and subsequently passed through to the Chamber, it would cost that business \$4 per month.

Arguments For

This funding mechanism is balanced across all businesses, based on the ability to pay. The current service fee is incredibly generous compared to all other taxing entities in the State of Colorado.

Argument Against

Businesses generating larger taxable sales pay a larger share of the cost. Chamber members receive priority referrals over non-Chamber members for visitor inquiries. This reallocation in effect would require non-Chamber members to subsidize the Visitor Center.

OPTION 2 – Increase the Sales Tax License Fee

The City of Gunnison currently charges \$10.50 annually for a sales tax license (\$5.50 for licenses purchased after July 1). Increasing the license fee to \$75.00 would generate approximately the same amount of revenue as a 1% service fee reduction. Sales tax license fees in the State of Colorado range from \$0.00 to \$85.00.

Arguments For

Every business pays an equal amount toward funding the Visitor Center.

Argument Against

This funding mechanism is more impactful to smaller businesses. Businesses that generate larger taxable sales pay a proportionally smaller amount. Chamber members receive priority referrals over non-Chamber members for visitor inquiries.

OPTION 3 – Annual Contribution from the General Fund

This option is currently in place, which funded \$15,500 in the 2015 Budget. The City of Gunnison and the Visitor Center sign a Contract for Service, which is a mechanism that provides funding to local non-profits or governmental agencies to deliver services to residents. The money comes from sales tax collected on retail sales within the City of Gunnison. The amount could be increased upon approval by the City Council.

Arguments For

City Council has the discretion regarding the amount of funding that goes to the Visitor Center on an annual basis during the budget process. Anyone who purchases retail goods within the City of Gunnison effectively is paying for the contribution, regardless of whether they are a resident, business or visitor.

Argument Against

Most comparable organizations that use this method of funding the Visitor Center in the State of Colorado provide a less significant level of funding, ranging from \$1,200 to \$28,000. Chamber members receive priority referrals over non-Chamber members for visitor inquiries. This reallocation in effect would require non-Chamber members to subsidize the Visitor Center.

SURVEY

The results of the survey will be kept anonymous, but the sales tax license number is required to ensure the accuracy of the results. Failure to mark one of the boxes and provide the sales tax license will invalidate your response. Please indicate your response below by checking the appropriate box.

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1) OPTION 1 - Reduction of the Allowable Service Fee (Vendor Fee)

The City Council should reduce the service fee by 1% and pass the funds to the Visitor Center.

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2) OPTION 2 – Increase the Sales Tax License Fee

The City Council should increase the sale tax license fee from \$10.50 to \$75.00 annually to help fund the Visitor Center.

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3) OPTION 3 – Annual Contribution from the General Fund

The City Council should consider funding a specified amount to the Visitor Center each year as a Contract for Service, according to the same process currently used.

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4) OTHER

Please indicate in the space below any other funding options or comments you feel are pertinent to this discussion that you would like to share with City Council.

Sales Tax License # _____